



DATE: March 25, 2022

TO: Appropriations Committee

FROM: Gian-Carl Casa, President & CEO, The Alliance

RE: S.B. 398 An Act Concerning Accountability for the Expenditure of Funds Received by the State.

Good morning, Senator Osten, Representative Walker, Senator Miner, Representative France and members of the Appropriations Committee:

My name is Gian-Carl Casa, President & CEO, CT Community Nonprofit Alliance (The Alliance). The Alliance is the statewide organization representing the nonprofit sector. Community nonprofits provide essential services to over half a million individuals and families in Connecticut every year and employ 115,000 Connecticut workers, improving the quality of life in communities across the State.

Thank you for the opportunity to testify on S.B. 398, An Act Concerning Accountability for the Expenditure of Funds Received by the State. This proposal would require legislative oversight of the allocation of federal funding through both the American Rescue Plan Act and Infrastructure Investment and Jobs Act. The legislation would also establish a task force for studying the use of opioid litigation settlement funds to address addiction and support recovery.

The Alliance supports legislative oversight of federal funding to promote transparency and ensure the dollars received are used for its intended purposes. As an example, Connecticut received a significant increase in federal matching funds for the Federal Medical Assistance Percentage (FMAP), including a 10% increase for Home and Community Based Services. Many nonprofit providers view that funding as a once-in-a-lifetime opportunity for Connecticut to finally establish Medicaid rates that actually pay the cost of care. Unfortunately, not all of that money was used to increase rates or otherwise compensate providers, the intended purpose of the funding.

Already underfunded for over a decade, coupled with spiking inflation and a workforce crisis, community nonprofits that provide the bulk of essential services on behalf of the State are at a breaking point. Many of these services that would benefit from the FMAP bump, such as supporting people with disabilities in residential and day treatment programs, have wait lists and are having difficulty recruiting additional staff to meet these new demands, while also desperately trying to retain staff because the State doesn't pay enough to allow nonprofits to adjust employee compensation to better reflect the job market. Federal funding represents a critical resource to strengthen the human services delivery system, and not applying the full FAMP bump to these essential services will make an already bad situation worse.

Section 4 establishes a task force to study the use of opioid litigation settlement funds to address addiction and support recovery. The opioid litigation settlement will provide \$300 million over 18 years, which represents a once-in-a-lifetime opportunity to strengthen community services, many of which have been in crisis due the combination of chronic underfunding, spiking inflation, workforce shortage and an increase demand in services as people begin to recover from the COVID-19 pandemic.

However, input is needed from the people doing the work and who have had lived experience with addiction for the funding to have the biggest impact. Therefore, we urge the Committee to adopt language in similarly intended legislation, HB-5435, Section 1, subsection b, that designates the composition of the task force to include behavioral health providers, counselors, people in recovery, representatives of groups supporting people with substance use disorders, family advocates and other recovery support staff.

Section 1 requires municipalities to submit a list of projects over \$100,000 that were funded as part of the American Rescue Plan Act (ARPA) Fiscal Recovery Funds to the Office of Policy and Management (OPM). It also requires municipalities to post the information on their website, so project selection, funding amount and other project details are accessible to the public. Community nonprofits are eligible to receive local Fiscal Recovery Funds, but report difficulty finding information about local priorities, previous awards and even just how to apply for funding. While ARPA rules allow each municipality the ability to design its own program, finding the information should be easier. This proposal will make information more accessible to the public.

Section 3 requires OPM to submit a report of all projects funded by the Infrastructure Investment and Jobs Act to the legislative Transportation, Environment, Government, Administration, and Elections, Appropriations, and Finance, Revenue and Bonding Committees. Once the report is received, a joint public hearing will be held so these legislative committees and the public have an opportunity to review and comment on the plan.

The COVID-19 pandemic has highlighted the critical need of capital and infrastructure funding for community nonprofits. The pandemic created unanticipated and unbudgeted costs and operational challenges for community nonprofits, including a backlog of capital and infrastructure projects. Capital investments under the Infrastructure Investment and Jobs Act will help community nonprofits recover while strengthening their ability to deliver services now and into the future.

Thank you for the opportunity to provide testimony on this important matter.